

I. ORGANIZATIONAL

A. Hold a Board Workshop to Review Policies and “Envision” the Future Role of the Colorado River Water Conservation District.

1. What role will water policy play in shaping the future of the River District?
2. What is the River District’s long term plan to address West Slope water needs?
3. What are the threats and obstacles to achieving our mission?
4. What resources do we need to accomplish our mission (personnel, financial, water rights and water facilities?).
5. What are the key Board/organizational and governance issues?

B. Continued Implementation of GASB-34, Improved/Streamlined Information.

1. Second year of Management Discussion and Analysis report (need feedback on report format).
2. Continue to refine long term Enterprise financial analysis.
3. Discuss and refine role/use of the River District Capital fund:
 - a) Should we reevaluate the goals of the grants program?
 - b) The total funds available to the Capital fund are continuing to grow, will this continue into the future?
 - c) Should a portion of the Capital fund be used to acquire water assets that the Enterprise cannot justify purchasing?

C. Education and Outreach Activities.

1. Implementation of second year of the public outreach program. Our goals are to raise awareness of water issues among River District residents and improve name recognition.
2. Continued publication of River District “bylines”/“H₂O” pieces in newspapers.

3. Continue board member and staff involvement in local forums.
4. What is the metric for evaluating the progress of our education and outreach programs? When do we conduct another survey?
5. How do we reach the new residents of the West Slope that don't have an economic interest in water other than municipal use?

D. Personnel/Human Resources Implementation.

1. Implementation of minor changes to compensation program. Update salary survey every three years; next is due in 2006.
2. In January we are submitting a proposal to the Board to consider approval of a retiree health contribution plan. The concept is to provide a retirement option with no additional exposure or personnel cost to the River District.
3. We need to continue to focus on staff training and development, our engineers are also facilitators and negotiators. Our legal staff must be water supply, water quality and general contract experts. All of the staff needs a good understanding of what we do and why.

E. River District Administration: We have a number of ongoing projects:

1. Upgrading our computer network capabilities.
2. Replace our (17 year old tin cans and string) phone system.
3. Continue implementation of our records management plan.
4. Get a better handle on how we "manage" risk, especially with contracts, insurance requirements, liability - make a recommendation to the Board at the April meeting.

II. INTERSTATE COLORADO AND NATIONAL ISSUES

A. Continued Participation in Colorado River Interstate Issues.

The focus of the Colorado River Basin is turning toward drought related issues. Two very significant and controversial issues are the need for the development of shortage criteria for Lake Mead and the operation of Lake Powell as it approaches minimum power pool.

1. Continue our participation in Upper Colorado River Commission activities, actively participate in the development of the annual Colorado River annual operating plans (aop).
2. Continue to participate in the coalition that is sponsoring Jim Lochhead's participation in Lower Basin activities. The focus in 2004 should be Lake Powell operations.
3. Keep mainstem Colorado River issues on the forefront of the River District constituency. Even within the Colorado water community, there is only a superficial understanding of the role of the major CRSP storage reservoirs and Colorado River compact issues in general.
4. Continue to participate in Colorado River Basin salinity control and selenium task force effort. The recent drought has exacerbated existing salinity problems. Continued drought conditions will raise new challenges, including the potential violation of water quality standards under the Mexican Treaty (minute 242).

B. Continued Participation in National Water Forums.

We are primarily participating in three organizations.

1. Chris Treese is active in Westcas, which focuses on western water issues including water quality.
2. Both Chris and I have been active in NWRA. Chris is now a member of the Board of Directors (from Colorado). NWRA's principle benefit has been as a forum to address common Reclamation issues such as contract administration, contract items and meeting with key federal agency and Congressional personnel.
3. We are continuing to be a member of the National Endangered Species Reform Coalition (NESARC). NESARC's recent focus has been more on administrative reform than federal legislative changes.

C. Participation in Other Forums.

Continued participation in the Water 2025 Initiative and other forums that address basic hydrology, climatology and water (civil) engineering issues. There is a lot of concern in the science community about the potential long term impacts of climate variability on critical watersheds such as the Colorado River Basin.

III. STATEWIDE (INTRASTATE) COLORADO RIVER ISSUES

A. 2004 Colorado General Assembly Session.

Our legislative priorities include possible basin-of-origin legislation, budget issues that will affect the State Engineer's Office, the CWCB construction fund bill will include a loan for Elkhead Reservoir and there will be several bills creating a South Metro Area groundwater management or conservation district. Our staff priorities are good communications among staff, district lobbyist, board members and key constituent groups. Basin-of-origin legislation could be a divisive issue among certain West Slope groups.

B. Statewide Water Supply Initiative Study Process.

Our priorities are to use the effort to help identify local basin projects and where there is strong local support, develop new management initiatives (e.g. a Gunnison River water bank) and partnerships. This is still an unknown question as to whether or not SWSI will propose any statewide water projects or new transmountain diversions.

C. Endangered Species Issues.

Continue our leadership role in addressing endangered species issues. We need to finalize the reports on the Recovery Program science we've independently sponsored and do what we can to insure it influences Recovery Program decisions. Within the Upper Colorado River Basin Program, non-native species control has become a major issue.

There are still major scientific questions to address. What has been the impact of the drought on listed species populations? The proper operation of fish screens is clearly an important issue.

Within the Platte River, the Endangered Species effort has been "on hold" pending a NAS review of the science, but the issues are far from resolved. Two important questions to the West Slope are whether or not Platte River endangered species concerns will prevent Colorado from using water still available to the State under the Platte River compact and/or present transmountain diverters from fully reusing transmountain return flows and effluent.

D. Colorado Foundation on Water Education.

Continue our full support of the Colorado Foundation on Water Education. At the October 2003 Board meeting, we had a presentation from Foundation Director Karla Brown. The foundation is planning a tour of the Upper Basin during the summer of 2004. The River District will be an active participant.

E. Colorado Water Quality Control Commission.

We will have continued participation in Colorado Water Quality Control Commission (CWQCC) hearings and activities. In 2004, there are two main areas of focus.

1. The CWQCC will be reviewing and issuing a revised 303 D list (list of impaired streams). It is possible that the Colorado River mainstem below Grand Junction may be on the list of impaired streams because of violation of the selenium standards. The River District staff is continuing to participate in the Uncompahgre Valley and Grand Valley selenium forums.
2. A review of the basic standards and criteria. Dave Merritt and Jill McConaughy are participating in the basic standard workgroup. The workgroup may need to address the issue of "biocriteria." Our goal remains making decisions based on good science and adequate data. Our USGS cooperative program is a valuable resource.

IV. COLORADO RIVER BASIN DIVISION 5 PRIORITIES

A. Negotiations with Front Range Entities.

We're involved in four separate, but intertwined, negotiations with Front Range entities:

1. Grand County.

The Fraser River Basin in Grand County is already heavily impacted by a combination of in-basin development and out-of-basin diversions. The UPCO study has identified a future in-basin demand for up to 2,500 a.f. for municipal and industrial uses and another 5,000 to 6,000 a.f. for environmental use, primarily water quality purposes.

- a) Northern Colorado Water Conservancy Municipal Subdistrict has applied for Bureau of Reclamation approval of the Windy Gap FIRMing Project. Reclamation has already triggered the NEPA process.
- b) Denver Water has initiated a Corp of Engineers EIS for its North End FIRMing Project.
- c) The UPCO study process has completed its first phase III report, which identified possible water supply solutions. The UPCO

participants are currently working on an expanded phase III report which will focus on a Ranch Valley Project. The River District will be the study manager.

2. Summit County.

- a) River District, Summit County and Denver Water staff are meeting on a monthly basis to address Blue River Decree issues.
- b) The Summit County Manager's office is taking the lead on convening Summit County water providers to examine solutions to the shortages identified in UPCO phase II. The River District staff will provide support.
- c) The River District and Colorado Springs Utilities (CSU) have filed applications in the Division 5 Water Court and Federal Court to adjudicate the CSU substitution. CSU has notified Reclamation requesting that it initiate NEPA to approve the agreement at the federal level.
- d) In a separate application, CSU has filed to adjudicate exchanges (not a substitution) to its Blue River diversions. These exchanges would be junior to Denver's exchanges under the Blue River Decree. Some aspects of the exchange application may be problematic to the West Slope, such as the proposed use of Wolford Mountain Reservoir.

3. Eagle County.

- a) The Eagle River MOU parties have been meeting to address potential projects under the Eagle River MOU. In late 2003, the parties agreed to a study of Wolcott Reservoir. The River District is the study manager.
- b) The River District is an active participant in the Eagle Park Reservoir Company. The Reservoir Company Board meets about 5 to 6 times per year. The River District Enterprise is in need of additional Eagle River water supplies. Its existing supply is fully subscribed. The Reservoir Company has several water rights applications pending.
- c) The River District is working with Eagle County to address other water supply issues within the county. Bolts Lake is a potentially attractive option.

- d) Three Eagle County entities (Vail Resorts, Upper Eagle Regional Water Authority and Eagle River Water & Sanitation District) have filed an application to adjudicate return flows from existing transbasin diversion supplies out of the Yampa River into the Colorado River (Egeria Creek).

4. Roaring Fork River Basin/Arkansas River Issues.

- a) Proposed Fryingpan-Arkansas Project Legislation: The Southeast Colorado Water Conservancy District (Southeast) has proposed federal legislation to approve reoperation of Pueblo Reservoir and a feasibility study of a Pueblo Reservoir enlargement. To protect the West Slope from enlarged transmountain diversions, the River District is negotiating MOAs with Twin Lakes and Colorado Springs (to address the Homestake Project).
- b) The Bureau of Reclamation has initiated an EIS on a proposal by CSU to build a pipeline from Pueblo Reservoir up Fountain Creek to Colorado Springs and, in a separate NEPA process, its preparing an EA to approve the long term use of Fry-Ark facilities by Aurora. Aurora uses “if and when” storage in the Fry-Ark Project to manage its native Arkansas River supplies.
- c) Ruedi Reservoir: The River District has a contract request pending for additional Ruedi water, perhaps up to 8,000 a.f. The River District staff needs to carefully evaluate exactly how much water to purchase and make a recommendation to the Board. Separately, the River District is continuing to work with the Ruedi Water & Power Authority and the Roaring Fork Conservancy to address future operations and repayment issues at Ruedi Reservoir.
- d) Southeast has an application pending for enlarging the water decrees for the Boustead Tunnel, the River District staff is working on this case with the primary goal of protecting Ruedi Reservoir.

B. Welford Mountain Reservoir Operations.

Our priorities for 2004 include:

- 1. Tamarisk control around the perimeter of the reservoir.
- 2. An engineering evaluation of the potential to enlarge the Welford Mountain Reservoir active storage pool.

3. Continued evaluation of the hydroelectric potential at the project. This matter is related to and complicated by the proposed enlargement.
4. The technical staff is completing a water supply and operations model tool. We are using this model to evaluate water marketing decisions, hydroelectric potential and the yield available to an enlargement.
5. A goal of the River District technical staff is to get a better handle on runoff forecasting on Muddy Creek and throughout the West Slope. A proposed contract is on the Enterprise agenda for Board consideration.

C. Other Colorado River (Division 5) Activities.

1. Green Mountain Reservoir.

In 2003, the River District filed a lawsuit against Reclamation over its decision to allocate the full Heeney slide shortage to the West Slope pool. The River District technical staff is providing support as requested.

- a) Although Reclamation has “eased” the slide operational restrictions, it has not yet identified and implemented a long term solution.
- b) There remains a number of Blue River Decree accounting issues that need to be resolved. After the River District filed its lawsuit, Reclamation stopped participating in the “SWAT” team forum that was addressing those issues. Ultimately, these issues will have to be addressed.
- c) The Division 5 Engineer’s office has taken the lead on addressing what is referred to as the 1977 to 1984 SLOT team effort. The River District staff is providing technical support.

2. River Operations.

The River District technical staff will continue to participate in, and take a leadership role in addressing river operations issues. The primary effort is during the May through September period.

3. Statewide Water Supply Initiative (SWSI).

The River District technical staff is participating in the SWSI process. Currently, it is not a large time commitment, but if projects or

recommendations begin to surface later this spring or summer, it could take more staff time.

4. Other Activities.

- a) Implementation of Recovery Program measures: CFOPS, CROPS installation of fish screens and building fish passage structures.
- b) Technical support for other legal cases and diligence filings in Division 5.
- c) A group in the Grand Valley is discussing the formation of a new conservancy district in Mesa County. They may request River District help.
- d) Two Board members and staff participate in the Bluestone Management Committee activities.

V. GUNNISON RIVER BASIN ACTIVITIES

A. Aspinall Unit Operations.

1. Settlement of the Black Canyon Reserved Rights Case.

A number of issues are still unresolved primarily related to the federal lawsuit filed by the environmental groups to block implementation of the April 2003 agreement.

2. Preparation of the Aspinall Unit EIS.

Reclamation is scheduled to commence an EIS on the operation of the Aspinall Unit in early 2004. The EIS process through a record-of-decision is expected to take about four years. The most critical phase of the EIS process is scoping and determining the EIS baseline conditions. During this phase, a high priority for the River District staff will be to coordinate scoping comments and the development of an EIS baseline acceptable to the Gunnison River Basin.

3. Reservoir Operations Meetings.

The River District staff will participate in the quarterly Aspinall Unit operations meetings and Taylor Park operations meetings.

B. Gunnison River Basin Water Administration.

1. Basin Administration Accounting; The River District staff will continue to work with the Division 4 Engineer, the Upper Gunnison River Water Conservancy District (Upper Gunnison) and other water users to implement and improve the basin accounting spreadsheet.
2. Subordination Accounting; Under the subordination agreement, the River District and Upper Gunnison submit annual reports to Reclamation on the amount of water consumed under the Aspinall subordination agreement.
 - a) The River District and Upper Gunnison have filed an application in the water court to adjudicate the subordination agreement.
3. SWAT 4; The River District staff will continue to participate in what is referred to as the SWAT 4 process. SWAT 4 meets periodically to address water rights administration/basin big picture issues.
4. Redlands Diversion Dam; In 2003, the Division 4 Engineer officially designated the Redlands Diversion Dam as a critical structure. This is a very necessary consequence of river basin administration. It means that augmentation plans (for new non-exempt for example), must replace depletions against a downstream Redlands call.

C. Gunnison River Basin Water Supply Issues.

1. The River District staff and Board are both participating in the Division 4 SWSI process. SWSI may present an opportunity to develop a long term solution to the winter Redlands call. In 2003/2004 a one year agreement was again necessary to keep the call off the river. We believe that the SWSI process should include discussion of a Gunnison River Basin water bank.
2. The River District is working with North Fork interests to identify sources of water that could be used for augmentation purposes. A small enlargement of Overland Reservoir is possible. We are also cooperating with the Bureau of Reclamation and North Fork Water Conservancy District to identify solutions or alternatives to the siltation of Paonia Reservoir. The reservoir is silting at about 100 a.f. per year.

D. Gunnison River Basin PBO.

The development of a Gunnison River Basin PBO will be coordinated with the preparation of the Aspinall Unit EIS. Tom Pitts has written a draft MOU to document

the PBO process. This MOU will be discussed by the CWCB at their January meeting.

The PBO will have to address some difficult issues, we expect it will require a number of difficult meetings (just as the Yampa and Colorado River PBOs did). Among the difficult issues the PBO must address are:

1. Making the interim Redlands fish ladder agreement permanent. Operation of the fish ladder when combined with the need to protect the Redlands water right requires a lot of water, perhaps over 100,000 a.f. of Blue Mesa water in dry years.
2. Provide a source of water for the Redlands fish screen.
3. Will Aspinall Unit releases continue to cover the federal Dolores Project? The Dolores Project is a transbasin diversion, the project return flows accrue to the San Juan River Basin. The current Dolores Project biological opinion relies on the Blue Mesa Reservoir as the reasonable and prudent alternative.

VI. YAMPA AND WHITE RIVER BASINS

A. Enlargement of Elkhead Reservoir.

Our major priority in the Yampa River Basin continues to be completing the necessary agreements needed to proceed with the enlargement of Elkhead Reservoir.

1. Dan Birch is spending considerable time on completing a series of agreements with Reclamation, the CWCB and the Colorado Department of Natural Resources that will finalize the financial arrangements and provide for the long term operation of the fish pool.
2. A second agreement, which is complicated, is an operational agreement among Craig, the River District and the Yampa Partners. This agreement will provide how the enlargement and existing reservoir are operated.
3. On a parallel track, the U.S. Fish & Wildlife Service is completing a FONSI on the Yampa River Management Plan. Once the FONSI is issued, the River District will apply to the Corps of Engineers for a 404 permit to enlarge the reservoir. This should take about four to six months.
4. Once we've made sufficient progress on the completion of the operational and financial agreements, the staff will recommend to the Board proceeding with final designs and specifications.

5. As we get closer to project approval and construction, I think it's important that the River District step up its public involvement program. I suggest the Board hold an open house and project tour sometime during the summer of 2004.

B. Little Snake River Basin/Small Reservoirs.

1. Staff is continuing to work with the Wyoming Water Development Commission, the CWCB and the Little Snake Soil Conservation District to examine storage alternatives in the Little Snake drainage. There are several decent reservoir alternatives, the major question is financing. How can we tap into Wyoming's money?
 - a) The Yampa River Basin PBO covers the Little Snake drainage and covers over 20,000 a.f./year of future depletions.
 - b) Within Wyoming, Green River Basin (above Flaming Gorge) water users are considering the advantages of a PBO.
2. Three Forks Ranch is appealing the District Court decision dismissing its suit under the 1948 compact.

C. Other Water Supply Issues.

1. The River District staff is participating in SWSI. SWSI may provide a forum to identify projects that could provide additional storage. The Upper Yampa Water Conservancy District is considering the enlargement of Stagecoach Reservoir. It is also considering a project to enhance the yield available to YamColo Reservoir.
2. In late 2003, the City of Steamboat Springs filed for a recreation in-channel diversion (RICD) water right. Staff assumes the River District will file a statement of opposition. Hopefully, Steamboat Springs will consider alternatives to resolve this case in a manner acceptable to the Yampa River Basin.
3. The White River Basin appears to be the forgotten river basin within Colorado (perhaps that's to its advantage). We are continuing to work with Rio Blanco Water Conservancy District on sediment control strategies. We're also interested to see what storage proposal might be developed out of the SWSI effort.

REK/ldp